

# RBC Emerging Markets Bond Fund

## Fixed Income

### Emerging market bonds present a world of opportunity

Many emerging market countries are on the move towards more democratic free-market societies. And by opening their doors to foreign investors, carefully managing their debt levels and developing profitable trading relationships with the rest of the world, emerging markets have dramatically improved their investment appeal.

### Why invest in emerging market bonds?

#### Quality

- › On most measures of economic health (i.e., growth rates, financial resources and debt levels), many emerging markets are in better shape than developed markets, which are struggling with lower economic growth rates and mountains of debt after the financial crisis of 2008 and 2009.
- › Over the past decade, emerging market governments have applied effective economic policies to steadily strengthen their financial conditions, which ultimately reduced risk and increased the credit quality of their bonds.

#### Performance

- › New economic policies combined with rapid growth in manufacturing and natural resource industries have helped position emerging markets as the engine of growth for the global economy. Over the past 10 years, investors in emerging market bonds have been rewarded with solid returns.

#### Yield

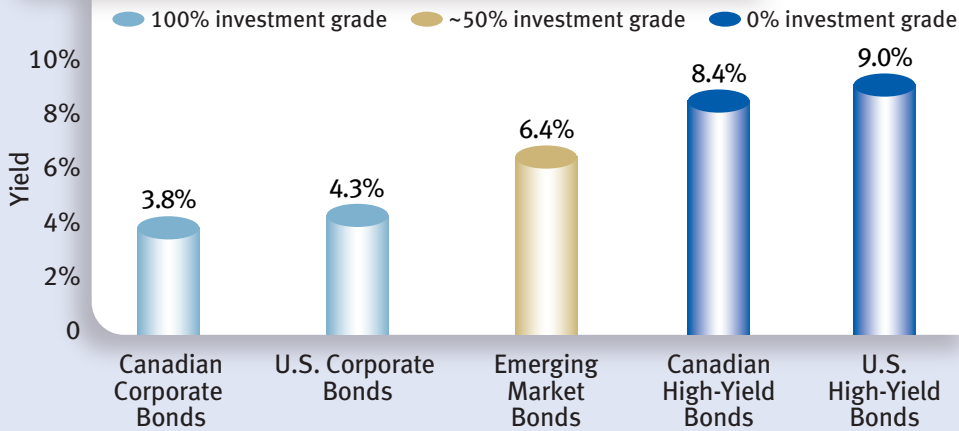
- › Emerging market bonds typically pay higher yields than investment-grade bonds in both Canada and the United States. This extra yield pays investors for the added risk of investing in countries that have shorter records of sound economic policies and less-established institutional and government frameworks.
- › With more than 50% of emerging market bonds having investment-grade ratings, emerging market bonds pay higher yields than investment-grade bonds, but with less credit risk than with a typical high-yield corporate bond portfolio (*see chart on next page*).

This Fund is appropriate for investors seeking a combination of income and capital growth potential while looking to diversify the fixed-income portions of their portfolios through exposure to emerging market debt securities. Investors should have a long-term investment horizon and should be able to tolerate fluctuations in the value of their investments.

#### FUND FACTS

- › The Fund invests primarily in U.S. dollar-denominated bonds issued by governments of emerging market countries
- › Provides a way for investors to access emerging markets with less risk than with an equity fund
- › Competitive management fee
- › Minimum investment
  - registered plans - \$500
  - non-registered plans - \$500
  - additional investments - \$25
- › Fund launched August 2010

### Emerging market bonds offer a compelling yield story



Sources: Canadian Corporate Bonds – DEX Universe Bond Index (C\$); U.S. Corporate Bonds – Merrill Lynch U.S. Corporate Master (US\$); Emerging Market Bonds – J.P. Morgan Emerging Markets Bond Index Global Diversified (US\$); Canadian High-Yield Bonds – Merrill Lynch Canada High-Yield Index (C\$); U.S. High-Yield Bonds – Merrill Lynch High-Yield Master (US\$). As of June 30, 2010.

### Why RBC Emerging Markets Bond Fund?

- › **Professional active management** – Our experienced portfolio management team will carefully evaluate risks and position the Fund to take advantage of the most attractive opportunities they see in emerging markets.
- › **Diversification** – The Fund gives you the ability to diversify your portfolio to include a wider range of return possibilities. You gain access to a diversified basket of emerging market bonds through a single fund.
- › **Higher yield** – The Fund is designed to provide a yield advantage over domestic investment-grade fixed-income investments.
- › **Unique offering** – The Fund is the only fund of its kind in Canada.

The **RBC Funds**<sup>®</sup> family offers a comprehensive lineup of mutual funds designed to deliver effective investment solutions to help investors build better portfolios. Our funds are backed by the strength of an experienced investment team at **RBC Asset Management**<sup>®</sup>.

With over \$90 billion in assets under management and offices in several financial centres around the world, **RBC Asset Management** is one of Canada’s largest money managers.



**RBC Global Asset Management**<sup>™</sup>



#### Jane Lesslie

Vice President and Senior Portfolio Manager  
Global Fixed Income and Currencies  
RBC Asset Management UK Limited

Jane has been managing emerging market portfolios since 1994, and in 1999, assumed responsibility for debt strategies for emerging markets, including Latin America, Eastern Europe, Asia and the Middle East for RBC Asset Management Inc. Jane manages the emerging market bond portfolios for several of the firm’s fixed-income funds, which invest in sovereign debt, corporate bonds and currencies.

Jane earned the Chartered Financial Analyst (CFA) designation in 1996.

To find out more about the comprehensive lineup of **RBC Funds**, contact your advisor.



#### LIPPER AWARD WINNERS

- › **RBC Asset Management**  
Best Bond Fund Family – 2009  
Best Overall Fund Group – 2007 & 2008
- › **Phillips, Hager & North**  
Best Bond Fund Family – 2007, 2008 & 2010  
Best Overall Fund Group – 2010

Please consult your advisor and read the prospectus before investing. There may be commissions, trailing commissions, management fees and expenses associated with mutual fund investments. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. RBC Funds and PH&N Funds are offered by RBC Asset Management Inc. and Phillips, Hager & North Investment Management Ltd., respectively, and distributed through authorized dealers.

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